

# A yr of Australia-India FTA: Great start but lots to do



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December 29, 2023, marked the first anniversary of the Australia-India Economic Cooperation and Trade Agreement, or ECTA. ECTA means “unity” in Hindi. That is about as good a word as any to describe flourishing Australia-India ties, underpinned by dramatic growth in our economic relationship.

Australia and India’s two-way goods trade has grown by nearly 60 per cent over the last five years. Last year we shipped more than ₹2 trillion worth of goods between our countries. India has become Australia’s fourth largest export destination. Australia is now India’s 10th largest export market.

ECTA provides the framework for long-term growth in our trade. Ninety-six per cent of Indian goods now enter Australia completely tariff-free. That will rise to 100 per cent by 2026. Eighty-five per cent of Australian goods enter India without tariffs — rising to 90 per cent over the next two years. India’s companies have noticed and are profiting: of all Indian goods eligible for tariff cuts under ECTA, 77 per cent are entering Australia under the new tariff regime. That is a much higher figure than most of India’s other FTAs.

What sectors are benefiting? The flow of India’s agricultural goods into Australia has increased by 16 per cent since ECTA entered into force. Australians are now enjoying more Indian rice, grains, vegetables and fruit. We’re drinking more Indian coffee. Most importantly, we’re buying more of India’s famous sweets. Apparel imports from India are up nine per cent, meaning Australians are wearing more textiles manufactured in this country. Industrial imports from India have also increased, including steel tubes, pipes, electrical machinery and parts.

Australian business and consumers are enjoying benefits as well. In the first 10 months of ECTA, they saved around ₹830 crore in duties paid on Indian imports of linen, automotive parts, clothes and more.



The Australia-India Economic Cooperation and Trade Agreement was signed on December 29, 2022

Australia’s trade with India supports nearly 120,000 jobs in Australia.

On services, ECTA connects professional bodies in the two countries to work on standards, recognition and licensing. This is already in the works for dentistry, engineering, nursing and pharmacy, benefiting businesses and consumers in Australia and India.

The success of ECTA speaks to the complementary nature of our economies. Put simply: India has what Australia needs; Australia has what India needs. We have the critical minerals India requires to fuel the transition to net-zero and hit its ambitious exports targets.

Australia has the high-quality universities India needs to educate the roughly 70 million young Indians looking for a tertiary qualification by 2030. And India has the skilled workforce who can take two-way investment between our countries and transform it into the manufacturing supply chains of the future. When it comes to our economies, our resources, and our skills, India and Australia are a match. A perfect fit.

That is why I say ECTA is a great start, but we have lots more to do. The next step in realising the enormous potential of our economic relationship is signing a Comprehensive Economic Cooperation Agreement, or CECA, which Australia and India are negotiating now.

CECA can boost the supply chains for the critical minerals India needs to man-

ufacture solar panels, wind turbines and electric vehicles. India’s Finance Minister Nirmala Sitharaman said recently that India was the second most sought-after manufacturing destination in the world. With Australian critical minerals, there’s no reason it can’t be the first.

CECA can expand Australia and India’s cooperation on agriculture. That is important because 700 million Indian livelihoods depend on farming. We have shared goals: sustainable agriculture and food security. Australia and India have been collaborating for decades on these. Australian firms are deploying technology to tackle animal diseases and to lower the emissions of fertilisers in India. Our government agencies are sharing research on sustainable water management and more drought-resilient crops. We will continue to support India’s G20 efforts to strengthen millet research through the Maharishi initiative. With ECTA, our industries are partnering across sectors like horticulture, wine, dairy, cotton and wool. CECA can deepen this partnership.

And finally, CECA will crystallise the most tangible aspect of our relationship: the “human-bridge” that connects us. By deepening our trade and economic relationship we will create demand for more direct flights between our countries, expand our people-to-people links, and create opportunities for investment that enriches us both.

ECTA is a great start. We have lots more to do.

The writer is Australia’s High Commissioner to India

